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SOURCE Der Verkehr, Vol V, No 4, 1951.PRIVATE WATER TRANSPORT IN THE GDR

Wilhelm Schulze

Since 1945, but increasingly since the establishment, in accordance with the order of 27 July 1949 of the former German Economic Commission, of DSU (Central Office of German Water Transport and Transshipping), Berlin 017, Beynestrasse 19, malicious rumors of an expropriation of private water transport are circulating. On the occasion of the Second German Traffic Conference, Keul, the Director General for Water Transport, has exposed as absurd these expropriation rumors. These rumors lack any basis, especially since private ownership is protected by the Constitution of the GDR (German Democratic Republic). On the other hand, however, it is also certain that possession of production resources, in our case, of means of transportation, carries with it an obligation to the general public.

When reciprocal obligations between people-owned resources and private entrepreneurs will be set down contractually for water transport, as has been done in other branches of the economy, the atmosphere will be cleared.

First prerequisite for contractual relations between the people-owned DSU and a private shipowner is the universal availability for use of those vessels which are not limited by their dimensions to certain river basins. Thus, the shipowner must first overhaul his property, keep it available for use, and equip it in such a manner that from the east coast of Land Mecklenburg he can reach the inner waterways of the GDR and vice versa. This complete availability for use of his ship gives him additional earning possibilities over the owner whose vessel, due to its poor condition, can be declared usable for certain waterways only. In this respect, it must unfortunately be noted that the private owners, because of false rumors, have not devoted themselves sufficiently to the maintenance of their fleet. The poor condition of the private fleet has reached the limit of tolerance. If private water transport wants to take part in the recovery of the economy of the GDR then it must recognize its obligations arising from ownership and act accordingly. These obligations are:

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1. Keeping the private fleet component in top condition and available for use.
2. Financing the enterprise out of its own efforts or with credits from the cooperative banks.

In DSU, in its capacity as the freighting enterprise of the GDR, the duties arising out of the law of 27 July 1949 have not been recognized either. DSU has not been able to develop an exemplary contract relationship with private water transport. This fact has different causes: (1) the adherence by private water transport itself to old customs; and (2) the mentality of former employees of private shipping companies and freighting enterprises now employed by DSU, who sought to carry over the customs of their old employment to DSU and, thereby, caused dissatisfaction in the circles of private shipowners.

At the Second German Traffic Conference in Halle, a working program for water transport was accepted. It included an obligation for DSU to sign performance contracts with 25 percent of the private shipowners of the GDR by 31 May 1951. In the meantime, the Ministry of Transportation of the German Democratic Republic has ordered that by 30 June 1951, contracts of that kind must be signed with 40 percent of the private shipowners. Thus, it must be pointed out that the government also, through the Ministry of Transportation and in accordance with governmental policy, pays increased attention to the development of contract relations between DSU and the private owners.

It goes without saying that these contracts must take into account the social and economic development in the GDR. Therefore, in no case will there be so-called rental contracts which provide also for compensation without performance, but it will be necessary to find a new form of relationship between the freighting enterprises (DSU) and the private shipowners. The basic premise must be, therefore, that performance is the decisive factor and that a higher profit of the private entrepreneur can be derived only from an increase in performance. These contracts, now in preparation, which have already been discussed with some of the private shipowners, will herald a change in the co-operation between DSU and the private enterprises. It would be false, however, if the private shipowners now assumed that, on the strength of these contracts, they could work without risk. An obligation in this sense was already mentioned at the beginning, i.e., the financing of the enterprise out of its own means or credits which are not extended by DSU. DSU is a freighting, shipping, and transshipping enterprise but not a banking institution. Especially when there is talk about a change in the work of private water transport, it must throw overboard these old attitudes also. In this respect, the following things must be principally considered:

1. The payment of one third of freight advances at the beginning of the trip and of another third on arrival at the destination, etc., is no longer acceptable because the risk of the entrepreneur also includes the obligation to furnish his own expenses.
2. Overtime compensation for the crew of the ship cannot be charged against the merchandise. Overtime compensation for the labor force of the shipowner is the problem and risk of the entrepreneur who employs his means of production outside the normal working time.

In regard to (1), it must be pointed out that the new regulations concerning the circulation of money within the GDR, particularly those limiting the circulation of cash, of necessity must lead to a one-sided increase of accounting work in DSU, if the many individual private enterprises do not furnish their own operating capital. Thus, it must be a prerequisite of the contract relations that the private contractor in water transport has at his disposal as many liquid

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assets (which do not have to be cash) as are needed to keep his enterprise going. He must, therefore, as mentioned in the beginning, not only keep his vessel technically in good repair, but he must also be in a strong enough economic position to finance alone a contract shipment for the longest possible distance. The cooperative banks are doubtless in a position to help him in this.

In regard to (2), attention is called to the provisions concerning the loading and unloading periods in inland shipping, which have been in effect since 1946. All enterprises which use water transport are obligated to consider the unloading day as consisting not of 8 hours but as a workday containing 24 hours. During loading and unloading, the enterprises are obligated to continue loading and unloading outside the normal 8-hour-day. The substantial operating costs resulting from this lead to an additional burden. In every case, the ship is beneficiary of these changed loading and unloading periods, regardless whether it is people-owned or in private hands. The shipowner, under the new regulations, will thus be able to make his vessel available sooner for a new trip than was possible under the provisions before 1945. Thus, he profits from the speed-up of the turnaround time but shifts his risk, in accordance with old habits, to those who are without influence in the choice of means of transportation and of the time at which the transshipping is performed.

DSU, together with private water transport, must break with habits like these by means of the contracts to be signed. It should also be clear to both sides that their business does not depend solely on a transportation plan within the Economic Plan of the GDR. There must also be a determination to master not a transportation plan alone but, more than that, all transportation problems resulting from the overfulfillment of the production plans. Over and above that, it is, of course, important that one does not try to shift his own risks onto other branches of the economy.

Finally, a few remarks about the intentions of the Directorate General for Water Transport in regard to ship-repair yards. Up to now, the duties of the private shipowners and of DSU have been discussed without mentioning the policy of the shipyards, which is inimical to repairs. The upkeep of private ships, too, has to be demanded, even if only on the basis of the contracts to be signed. The price policy of the repair yards in the postwar period was not conducive to encouraging the shipowners to have repairs done and, thereby, to keep up the value of their vessels. The prices were excessively high, while the quality of the work done was insufficient. No shipowner, including DSU, can be expected to keep on paying the prices which have been charged up to now for poor-quality repairs.

It is the first duty of the shipyards to increase their work productivity, to improve the quality of their work, and to lower repair prices by at least 20 percent so as to strengthen the economy of all water transport. The Directorate General for Water Transport can no longer support the absurd price policy of the shipyards. It seems that private water transport has not withheld its repairs due to lack of money, but it has wanted, through its passivity, to force the shipyards to work in an economically sensible manner. It can be proved that it was possible for the shipowners, even after the currency reform of 1948, to again assume management of these ships which, due to their owners' absence, had been raised and repaired under considerable costs by the Directorate General for Water Transport; the shipowners did this by paying off the salvage and repair costs. Partly, the cooperative banks have helped, but these means have largely been raised by private shipping circles themselves. Thus, there is less a lack of money than of will, caused by the unhealthy price policy of the shipyards in connection with the false rumors about expropriation of private water transport.

In closing, it should be pointed out that only he who acts contrary to the Constitution and against the economic laws of the GDR has to fear expropriation, and then only through orderly court proceedings.

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Leading in inland water transport is the people-owned enterprise, DSU, which, together with private water transport, has to solve, on the basis of contractual regulations, the water transportation problems within the scope of the Five-Year plan.

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